

FUND OBJECTIVE

To provide investors with regular income stream through Shariah-compliant investment.

FUND DETAILS

Launch Date	13 February 2015	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	14.89 million units (30 September 2021)	Fund Size	RM18.52 million (30 September 2021)
Unit NAV	RM1.2443 (30 September 2021)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Affin Hwang Asset Management Berhad	Target Fund	Affin Hwang Aiiman Select Income Fund
Benchmark	70% 12-month Maybank General Investment Account (GIA) + 30% FTSE Bursa Malaysia EMAS Shariah Index (FBMSHA)	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> Have a moderate risk appetite Expect incidental growth in capital Want an investment that complies with Shariah requirements 	Fees	<ul style="list-style-type: none"> Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia AiIMAN Select Income Fund. 1.2% p.a. fund management charge is applied on the target fund's NAV by Affin Hwang Asset Management Berhad.

ASSET ALLOCATION OF THE TARGET FUND

Sukuk & Islamic Money Market Instruments	Shariah-compliant Equities	Cash & Others
Min 60%; Max 100%	Min 0%; Max 40%	Remaining Balance

SECTOR ALLOCATION OF THE TARGET FUND

Industrials	22.5%
Utilities	13.7%
Financial Services	10.0%
Real Estate	7.8%
Telecommunications	7.4%
Consumer Discretionary	6.6%
Financials	4.0%
Banks	3.8%
Technology	3.8%
Consumer Staples	3.2%
Energy	3.0%
Others	9.5%
Cash & Cash Equivalents	4.5%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (SUKUK)

Bonds Issuer	Coupon	Maturity Date	%
Lebuhraya DUKE Fasa 3 Sdn Bhd	5.95%	23.08.34	4.0
WCT Holdings Bhd	5.80%	27.09.49	3.8
Westports Malaysia Sdn Bhd	4.53%	01.04.27	2.9
YTL Power International Bhd	5.05%	03.05.27	2.9
Tadau Energy Sdn Bhd	5.20%	27.07.23	2.9

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

V.S. Industry Bhd	2.9%
Telkom Indonesia Persero Tbk PT	2.3%
Singapore Telecom Ltd	2.2%
Taiwan Semiconductor Manufacturing Company Ltd	2.1%
Link REIT	2.0%

PERFORMANCE RECORD

This fund feeds into Affin Hwang AII MAN Select Income Fund ("target fund") with the objective to provide investors with regular income stream through Shariah-compliant investments. The target fund will invest in a diversified portfolio of Sukuks, Shariah-compliant equities and Islamic money market instruments.

Table below shows the investment returns of Sun Life Malaysia AII MAN Select Income Fund versus its benchmark as at 30 September 2021:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	-0.78	-1.02	-0.42	2.11	10.55	18.79	24.43
Benchmark	-0.78	-0.81	-0.43	0.21	5.73	11.92	15.84

* Calculation of past performance is based on NAV-to-NAV

Notice: Past performance of the fund is not an indication of its future performance which may differ. The fund performance is not guaranteed.

FUND MANAGER'S COMMENTS

- The MSCI AC Asia ex-Japan index was down 3.6% in September as regulatory headwinds continue to cloud North Asian markets. Market sentiment was also dampened with news surrounding China Evergrande dominating headlines and amid fears of power shortages in China.
- Local markets saw a consolidation following its strong performance in August, with the FBM 100 down 3.0% during the month. The performance of the local was in line with regional and global markets which saw a weak month amidst several macro headwinds.
- The government bond yield curve bear flattened. Yields across most parts of the curve were higher, though towards end of September some recovery was seen due to month end rebalancing flows.
- BNM kept OPR unchanged at 1.75% at its September meeting. Their statement was viewed as neutral acknowledging downside risks including containment measures Covid-19 and weaker than expected global growth recovery; but highlighted sufficient monetary policy space that can be utilised.
- August inflation rose 2.0% YoY, below estimates of 2.2%. Core inflation remain stable at 0.6% YoY and has been at a sub 1% level since October 2020.

STRATEGY:

- The fund's fixed income exposure was increased to around 62%, while equity exposure was reduced to around 34%.
- We are cognizant of the risk of an earlier than expected taper by the Fed, which will impact the outlook for local bonds. Global economic data, although have shown some signs of recovery will need to be continuously monitored and assessed which may see near term volatility in yields.
- Domestically, a gradual reopening of the economy is expected as the country is on track to achieve herd immunity. We opine OPR to be kept at the current level of 1.75% at least till 2H22 as BNM has highlighted they have extra monetary policy space should the need arise, which reflects the view that an OPR hike is not on the cards for now.
- At this juncture, the key market drivers for the local fixed income market remains the attractive valuations.
- We continue to have a trading stance for government bonds especially on the long end of the yield curve as valuations are very attractive.
- For corporate bonds, the preference is for the short to mid-term tenures as we continue to be mindful of credit selection with preference towards good quality credits. We are also assessing reopening play corporate credits which will benefit from the gradual reopening of the economy.
- We remain cautious on duration going into 4Q21 with higher government bond supply (4 auctions in October) and more issuances in the GG and PDS space. We look to stay neutral on duration (0.95-1.05x benchmark duration).
- For equities, we are positive on fixed line telco names, following various digitalisation initiatives. We also favour exporters, particularly tech and EMS companies riding on secular growth trends and benefits from the US-China trade divergence. We are also well positioned in recovery plays (e.g. banks, consumer) which could benefit with further reopening of the economy.

RISKS

All investment carries some form of risks. The potential key risks include but are not limited to the following:

Manager's Risk	This risk refers to the day-to-day management of the target fund by Affin Hwang which will impact the performance of the target fund. For example, investment decisions undertaken by Affin Hwang as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error, fraudulent, dishonesty or weaknesses in operational process and systems, may adversely affect the performance of the target fund.
Inflation Risk	This is the risk that your investment in the target fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.
Credit/Default risk	Credit risk relates to the creditworthiness of the issuers of the investment (Sukuk and Islamic money markets instruments) and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuers may impact the value as well as liquidity of the investment. In the case of rated investments, this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment. This could adversely affect the value of the target fund.
Counterparty risk	This risk concerns with the target fund's investment in Shariah-compliant derivatives where the other party in an agreement may default on the terms of the agreement. Generally, counterparty risk can be reduced by emphasis on credit analysis of the counterparty to determine its creditworthiness.
Interest rate risk	<p>Interest rate risk refers to the impact of interest rate changes on the valuation of Sukuk. When interest rates rise, Sukuk's prices generally decline and this may lower the market value of the target fund's investment in Sukuk. The reverse may apply when interest rates fall. In order to mitigate interest rate risk, Affin Hwang will need to manage the debt portfolio taking into account the coupon rate and time to maturity of the Sukuk.</p> <p>Note: Interest rate is a general indicator that will have an impact on the management of the target fund regardless of whether it is a Shariah-based fund or otherwise. It does not in any way suggest that the target fund will invest in conventional financial instruments.</p>
Stock Specific Risk	Prices of a particular Shariah-compliant stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such Shariah-compliant stock will adversely affect the target fund's NAV.
Shariah-compliant warrants investment risk	The value of the Shariah-compliant warrants will depend on the pricing of the underlying security whereby the growth and performance prospect of the underlying security would consequentially affect the value of the Shariah-compliant warrants. In addition, the value of the Shariah-compliant warrants may decrease exponentially as the Shariah-compliant warrants approach their maturity date and the potential gains from a favourable price movement of the underlying security may be offset by aggressive time decay. Affin Hwang may consider unwinding these Shariah-compliant warrants if there are material adverse changes to its value with the aim to mitigate the risk.

RISKS (CONTINUED)

Liquidity risk

Liquidity risk arises in two scenarios. The first scenario is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the investment, by its nature, is thinly traded. This will have the effect of causing the investment to be sold below its fair value which would adversely affect the NAV of the target fund.

Currency risk

As the investments of the target fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

Regulatory risk

The investments of the target fund will be exposed to changes in the laws and regulations in the countries the target fund is invested in. These regulatory changes pose a risk to the target fund as it may materially impact the investments of the target fund. In an effort to manage and mitigate such risk, Affin Hwang seeks to continuously keep abreast of regulatory developments (for example, by closely monitoring announcements on regulators' website and mainstream medias) in that country. Affin Hwang Affin Hwang may dispose its investments in that particular country should the regulatory changes adversely impact the unit holders' interest or diminish returns to the target fund.

Country risk

Investments of the target fund in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the target fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the target fund in those affected countries. This in turn may cause the NAV of the target fund to fall.

Reclassification of Shariah status risk

This risk refers to the risk that the currently held Shariah-compliant equities in the target fund may be reclassified to be Shariah non-compliant in the periodic review of the equities by the Shariah Advisory Council of the Securities Commission Malaysia (SACSC), the Shariah Adviser or the Shariah boards of the relevant Islamic indices. If this occurs, Affin Hwang will take the necessary steps to dispose of such equities. There may be opportunity loss to the target fund due to the target fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant equities. Affin Hwang will be required to dispose of these equities immediately if the prices are above the purchase price. Should the prices be below the purchase price, Affin Hwang may choose to hold on to these holdings until the prices meet the purchase price. Nevertheless, should Affin Hwang decide to dispose of these equities below the purchase price, the target fund will be faced with the risk of realising its losses, thus negatively impacting the NAV of the target fund.

Source : Affin Hwang Asset Management Berhad

Date : 30 September 2021

Disclaimer:

The benchmark performance is not a guide to future performances which may differ. The performance of the fund is not guaranteed. The value of the fund will fluctuate and may fall below the amount of premiums paid and the fund value depends on the actual performance of the underlying investment. This material is for information purposes only and is subject to change at any time without notice. Sun Life Malaysia does not guarantee its accuracy, completeness, correctness or timeliness for any purpose or reason. This information should not be considered as advice or recommendation in relation to your account or particular investment objectives, financial situation or needs. You may not revise, transform, or build upon this material without prior written consent of Sun Life Malaysia. Before acting on any information you should seek independent financial advice. Sun Life Malaysia may suspend the unit pricing and defer the payment of benefits, other than death and total and permanent disability benefits, subscription or redemption of units, switching of funds, under this contract for a reasonable period in exceptional circumstances, such as and including intervening events resulting in temporary closure of any stock exchange.